

15 January 2018

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Pattas

Submission on Draft Electricity Network Service Provider Registration Exemption Guideline version 6

Caravan Parks Association of Queensland Ltd (CPAQ) appreciates the ability to provide input into the current Australian Energy Regulator's (AER) consultation on the Draft Electricity Network Service Provider Registration Exemption Guideline version 6.

As previously indicated we believe the AER must strike a balance between the regulatory burden and costs imposed on exempt providers, and any additional benefited that would result for the customer.

In relation to this review please find following our recommendations and comments about the proposed changes.

Recommendations

- (1) NSP's should have the flexibility to read meters more than once per month, particularly where requested by the end customer to assist with financial planning and to allow the customer to make more flexible and frequent payments.
- (2) An alternate method should be developed for recording the NMI to aid customers to go on-market. In the first instance our recommendation would be that the parent meter NMI is registered with the exemption and made available by the AER to any ENM on request.
- (3) Class ND2 be exempt from the requirement to be a member of, or subject to, an energy ombudsman scheme (as the costs would significantly outweigh the potential benefits on such small networks).
- (4) That the revised "Exempt customer dispute resolution and ombudsman scheme access" be in line with the Retail Exempt Selling Guideline to provide greater clarity for all parties.



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Background

In Queensland, there are many caravan parks, particularly mixed-use parks (that is caravan parks with a mix of tourists, residents in onsite caravans/cabins, and residents in manufactured homes) which on-sell electricity to guests and/or residents within their park through an embedded network.

Our caravan park member's do not run energy sale businesses, they run tourism and accommodation businesses, and, in the operation of their primary business, they provide an essential service by supplying and maintaining the necessary infrastructure to deliver electricity to park customers. Caravan parks charge for this service as allowed under the Residential Tenancies and Rooming Accommodation Act 2003 (RTA) and Manufactured Homes (Residential Parks) Act 2003 (MHA), or in the case of tourists charged for electricity under the AER's guidelines. They do not, and may not, by law charge their customers for the cost of providing the infrastructure of individual powerhead meters, for the cost of maintaining this infrastructure, or for the administrative costs associated with running this network. Our members are providing power through their embedded network supply to their customers at a financial loss, as the cost to deliver electricity and administer this network exceeds the revenue they may bring in through the network.

Maintenance of the infrastructure of their embedded networks is also more problematic as most of the infrastructure is located outdoors which presents challenges that do not exist in embedded networks located in, for example, apartment buildings or retail shopping centres. It is critical that there be a continuity of maintenance and service provision for the embedded network to ensure its ongoing integrity and supply to the network.

Depending on their size, customer base and business model, caravan parks in Queensland primarily fall under the following AER exemption categories:

- NR4** - Persons supplying metered or unmetered energy in caravan parks, holiday parks, residential land lease parks and manufactured home estates to residents who principally reside there.
- ND6** - Persons supplying unmetered electricity to residential customers in Queensland where premises are not separately metered and the relationship with the customer is covered by the Residential Tenancies and Rooming Accommodation Act 2008 (Qld).
- ND3** - Persons supplying metered or unmetered energy to occupants of holiday accommodation on a short-term basis (this includes casual and annual renewal residents of caravan parks and like accommodation)
- ND2** - Persons supplying metered or unmetered energy to fewer than ten residential customers within the limits of a site that they own, occupy or operate. (Although there are unlikely to be many, if any, caravan parks that fall within this class in Queensland).

Existing State laws and regulations

Caravan parks operate under the Residential Tenancies and Rooming Accommodation Act 2008 (RTA) and Manufactured Homes (Residential Parks) Act 2003 (MHA) when providing long term accommodation for residents, both of which set out specific requirements for the on-supply of utilities and provide sound dispute resolution systems.

This legislation, specifically section 99A of the MHA and section 167 of the RTA, prescribes how a park operator can charge their residents for the supply of utilities, in this case electricity.

Both these pieces of legislation require that the caravan park does not charge the tenant more than the amount charged by the relevant supply authority (and in the case of the Manufactured Home (Residential Parks) Act 2003 that the park not charge more than the cost of supply for the use of utility).

Under the recently passed Housing Legislation (Building Better Futures) Amendment Bill 2017 the MHA prohibits the seller from charging more than the cost of supply for the use of the utility, or charge an amount for reading a meter for the use of the utility or another amount for administration relating to the supply, or on-supply, of the utility to the site.

Dispute resolution under state legislation

Under the RTA and MHA caravan park residents have access to mediation and QCAT should a dispute be unable to be resolved internally. Under the Housing Legislation (Building Better Futures) Amendment Bill 2017 a new three step dispute resolution process was introduced:

- (1) **Negotiation:** The parties must meet and try to resolve the dispute by negotiation
- (2) **Mediation:** If step 1 is unsuccessful, a party to the dispute may apply to the registrar to refer the dispute for mediation
- (3) **Application to tribunal:** If step 1 and 2 are unsuccessful, a party to the dispute may apply to QCAT for an order to resolve the dispute

This process is like the process available to tenants under the RTA (although slightly more formalised).

Recommendation 1

NSP's should have the flexibility to read meters more than once per month, particularly where requested by the end customer to assist with financial planning and to allow the customer to make more flexible and frequent payments.

Caravan parks have a diverse cross section of residents, some choose to live in a caravan park (or manufactured home park) for the sense of community and/or facilities available to them in these properties, others live in a caravan park as they are a low-income household and this style of property is more affordable for them.

Whilst restricting the NSP from reading the meters more than once a month was intended to prevent excessive meter reading charges (which, in the case of manufactured homes, caravan parks are restricted from charging), it also creates a restriction which could impact the more vulnerable in the community, low income households.

Where a customer requests it, the NSP should be allowed to read the meter more frequently than once a month, providing excessive meter reading fees are not charged to the end customer.

Recommendation 2

An alternate method should be developed for recording the NMI to aid customers to go on-market. In the first instance our recommendation would be that the parent meter NMI is registered with the exemption (or the network provider) and made available by the AER on request.

It has been proposed that a new clause, 4.8.1.3, be added to these guidelines. This new clause will require the NSP to provide parent NMI data to customers so a contract with a retailer can be arranged. Under this proposal the exempt network will be required to display the parent NMI on the customer's bill as well as

making it available on request to the customer, the customer's retailer and/or the ENM appointed to the embedded network.

To implement this process caravan parks around the country (and other embedded network operators) would need to have their software provider make changes to their billing software, incurring additional expense in an environment where this information is unlikely to be needed (due to the low probability of customers in these community's going on-market). The software used for billing by caravan parks is required to be versatile enough to charge for electricity however its primary purpose is to charge for accommodation.

Further in the instances where the customer is a more vulnerable or is older changes to their existing routine (even something as simple as additional information included on their bills) can cause confusion and distress. These customers may also struggle to provide this information to a third party on request.

Under a scenario where the onus is on the NSP to include this information on a customer's bill each NSP will have a different layout and way of displaying this information. This means that ENM's and other retailers would not be able to simply explain to a customer what they are looking for on the bill. If this information was housed by the AER it would be far simpler for ENM or retailer to find this information as its location and presentation would be the same for all customers/networks.

To simplify the process for caravan parks, their customers, other retailers and ENM we recommend that the AER be responsible for holding a central database of this information, which could be requested at the time of registration for future networks. This would provide a single central location and uniform data display. We believe this would significantly simplify the process for all parties involved. Where there is a change to the parent NMI the onus would be on the exempt network to provide this information to the AER in a timely manner.

Recommendation 3

Class ND2 be exempt from the requirement to be a member of, or subject to, an energy ombudsman scheme (as the costs would significantly outweigh the potential benefits on such small networks).

While there are unlikely to be many, if any, caravan parks that fall within class ND2 we recommend that this class be exempt from being a member of, or subject to an energy ombudsman scheme. We do believe it is important that these businesses have effective dispute resolution procedures or processes (as required for other classes), however the benefits of participation in an ombudsman's scheme for this class is likely to be disproportionate to the benefits to the customer.

Recommendation 4

That the revised "Exempt customer dispute resolution and ombudsman scheme access" be in line with the Retail Exempt Selling Guideline to provide greater clarity for all parties.

We strongly support the concept that the exempt customer dispute resolution and ombudsman scheme access be in line with the Retail Exempt Selling Guideline as this will provide greater clarity and consistency for businesses that need to comply with both sets of guidelines.

In December 2017 we made a submission in relation to the Draft AER (Retail) Exempt Selling Guidelines Version 5, and in this submission we made recommendations relating to this section of that document.

The following extract is from this submission:

Condition 16 – Dispute Resolution

Should the AER introduce the requirement that Exempt Sellers “develop and make a set of procedures detailing the exempt person’s procedures for handling complaints and disputes” we would ask that the AER work with industry bodies such as Caravanning Queensland to educate Exempt Sellers as to best practice in meeting the standards required as well as providing all Exempt Sellers access to the Australian Standard set out in Condition 16 (2), ensuring the most current version is available to these Seller’s at all times.

Further should the complaints handling process need to be in line with an Australian Standard that the AER must clearly communicate to all Exempt Sellers when there is a change to the standard.

As raised at the Stakeholder Forum on 14 December 2017 it is also important to clarify which standard 10002:2014 will apply – International Standard ISO 10002:2014 (Customer satisfaction – Guidelines for complaints handling in organizations, or Australian Standard AS/NZ 10002:2014 (Guidelines for complaint management in organisation) as these two documents appear to have quite different desired outcomes, one being customer focused and the other process driven.

Most of our member businesses are small to medium sized businesses already struggling with the ever-evolving regulatory burden placed on them, as a result we would ask that any additional requirements placed on them not be overly onerous and not create an unnecessary administrative burden.

Condition 17 – Member of energy ombudsman scheme

As previously advised we believe that the existing state based legislation (in Queensland at least) provides ample consumer protections around the on-supply of utilities without creating additional costs and confusion for both business owners and residents.

Should it become a requirement to be a member of an energy ombudsman scheme we would ask that the AER ensure that the wording of this clause allow for the various types of membership that may occur, including but not limited to, instances where a peak body joins the Ombudsman scheme allowing access to the scheme for all their members.

The wording used in Condition 17 (1) (a) should be consistent in the Retail Guideline and Network Guideline.

For those jurisdictions that do not have an appropriate Ombudsman scheme what requirements will Sellers in those States be required to meet?

We would ask that this feedback also be considered in the context of the Draft Amendments to the Electricity NSP Registration Exemption Guidelines.

About us

Caravan Parks Association of Queensland Ltd (CPAQ) is the industry body representing caravan parks in Queensland. Established in 1966, the association is the voice for the sector, providing support and networking opportunities in addition to advocating on behalf of the industry, and promoting the sector to interested consumers.

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There are currently over 450 full and associate members of CPAQ, made up of caravan park operators, mixed use parks (i.e. catering for caravans and residents in manufactured homes), and campgrounds, large and small, from all corners of the State, along with industry suppliers, tourism businesses, and regional and local tourism organisations.

We seek to work with both state and local governments to balance the needs of the consumer (which includes permanent residents in caravan parks) with those of the Government and industry. We actively strive to ensure not only that minimum standards within caravan parks are met, but that over time these industry standards are in fact driven higher.

As the peak body for the sector we aim to:

- Foster and assist in the development of the caravan parks industry
- Encourage a high standard of quality service and ethics from caravan parks in Queensland
- Strongly advocate for a level playing field for all industry participants
- Promote Queensland Caravan Parks as the holiday destination of choice
- Work closely with State and Local Government for the benefit of our members and councils
- Provide support and advice to member businesses and distribute relevant information to ensure the smooth running of member businesses

Once again, as an important stakeholder in relation to the draft Electricity Network Service Provider Registration Exemption Guideline version 6, thank you for the opportunity to provide feedback on this draft document.

Should you have any questions about the content of this submission, or wish to discuss the implication of these changes on caravan parks in Queensland I would welcome your call on 07 3862 1833.

Kind regards



Michelle Weston
General Manager